

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. This Program will be directed and administered on behalf of the MOU Participants by an organization consisting of an Executive Steering Committee (ESC), a Harrier Management Panel (HMP) and a Joint Program Office (JPO) headed by a JPO Director. The ESC will have overall authority over the HMP and the JPO, in accordance with this MOU. The JPO Director will have primary responsibility for effective implementation, efficient management, and direction of the Program in accordance with this MOU.

4.2. The Program Management Plan (PMP) is the principal management document for the Joint Program Office. It will define the integrated tasks and resources required to accomplish the scope of work of this MOU.

4.3. The ESC will consist of a representative appointed by each MOU Participant. The ESC will meet annually with additional meetings held at the request of any ESC representative. Each meeting of the ESC will be chaired by the representative of the MOU Participant hosting the meeting. Decisions of the ESC will be made unanimously. In the event that the ESC is unable to reach a timely decision on an issue, each ESC representative will refer the issue to its higher authority for resolution. In the meantime, the approved PMP will continue to be implemented without interruption under the direction of the JPO Director while the issue is being resolved by higher authority.

4.4. The ESC will be responsible for:

- 4.4.1. Exercising executive-level oversight of the Program.
- 4.4.2. Providing guidance and executive level direction to the HMP and JPO.
- 4.4.3. Reviewing the financial status of the Program, to ensure compliance with the provisions of Section V (Financial Provisions) of this MOU.
- 4.4.4. Approving the PMP, and changes to the PMP, submitted by the JPO Director.
- 4.4.5. Approving, or as appropriate, obtaining approval from the appropriate national authorities of, the

Program Financial Management Procedures Document (FMPD) required in paragraph 5.12 of Section V (Financial Provisions) of this MOU.

- 4.4.6. Approving plans to manage and control the transfer of Project Equipment provided by MOU Participants to support the execution of the Program in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.4.7. Approving plans for the disposal of Project Equipment jointly acquired under this MOU in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.4.8. Reviewing annually and adjusting, if necessary, the quantities established in Table B-1 of Annex B (Estimated Pegasus Engine Inventory Quantities).
- 4.4.9. Maintaining oversight of the security aspects of the Program, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Project Security Instruction (PSI) and a Classification Guide (CG), prior to the transfer of Classified Information or Controlled Unclassified Information.
- 4.4.10. Reviewing the annual status report submitted by the JPO Director for this MOU.
- 4.4.11. Providing recommendations to the MOU Participants for the addition of new MOU Participants to this MOU in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.4.12. Reviewing and forwarding to the MOU Participants for approval recommended amendments to this MOU, in accordance with Section XVIII (Amendment, Termination, Entry Into Effect, and Duration) of this MOU.
- 4.4.13. Providing recommendations to the MOU Participants for new PAs.
- 4.4.14. Resolving issues brought forth by the JPO Director that cannot be resolved by the HMP.
- 4.4.15. Monitoring Third Party sales and transfers authorized in accordance with Section XII (Third Party Sales and Transfers) of this MOU.

4.5. In addition to the responsibilities identified in paragraph 4.4, the ESC representatives will have responsibilities as follows:

4.5.1. The IT MOD, UK MOD, and U.S. DoD ESC representatives will be responsible for:

- 4.5.1.1. Approving a plan to maintain data in the Harrier eTIMS identified in paragraph 3.4.2 of Section III (Scope of Work).
- 4.5.1.2. Approving a plan to preserve, transport (for the purpose of storage), maintain, store, and use ST/STE and associated documentation, as described in paragraphs 3.4.3 and 3.4.4 of Section III (Scope of Work) and referenced in paragraph 7.1 of Section VII (Project Equipment) of this MOU.
- 4.5.1.3. Reviewing annually and adjusting, if necessary, the quantities established in Table C-1 of Annex C (Estimated IT MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities).

4.5.2. The IT MOD, and U.S. DoD ESC representatives will be responsible for reviewing annually and adjusting, if necessary, the quantities established in Table D-1 of Annex D (Estimated IT MOD and U.S. DoD Harrier Airframe Inventory Quantities).

4.6. The HMP will consist of the managers of each MOU Participant's national program. They may be supported by their JPO Deputies and the JPO Director as required. Upon mutual consent of the HMP members and in accordance with Section X (Visits to Establishments), additional persons (including industrial representatives) may be invited to attend meetings of the HMP. The HMP will meet monthly, or more frequently if required. Decisions at the HMP will be made unanimously. In the event that the HMP is unable to reach a timely decision on an issue, the HMP will refer the issue to the ESC for resolution without interruption of the PMP.

4.7. The HMP will be responsible for:

- 4.7.1. Providing recommendations to the ESC on matters of collaborative strategy.
- 4.7.2. Harmonizing national requirements of the MOU Participants.
- 4.7.3. Overseeing the exchange of Information under this MOU which is authorized under paragraph 3.1 of Section III (Scope of Work), and designating representatives for such exchange.
- 4.7.4. Reviewing the progress towards accomplishing paragraph 3.3 of Section III (Scope of Work) of this MOU.
- 4.7.5. Reviewing the PMP, and changes to the PMP, submitted by the JPO Director.
- 4.7.6. Reviewing the annual status report prepared by the JPO Director.
- 4.7.7. Providing recommendations to the ESC for new PAs.
- 4.7.8. Resolving issues brought forth by the JPO Director for this MOU.

4.8. The JPO will be co-located with or in close proximity to the PMA-257 Program Office, or its successor in the event of a reorganization. The JPO may establish annex offices in additional locations as required and approved by the ESC. After consultation with the ESC, the U.S. Department of the Navy will appoint the JPO Director, who, as head of the JPO, will be responsible for implementation and day-to-day management of this MOU. The U.S. DoD, IT MOD, SP MOD, and the UK MOD will each appoint to the JPO a national representative to serve as a JPO Deputy. Each JPO Deputy will coordinate his or her activities with the JPO Director.

4.9. The JPO Director will be responsible for:

- 4.9.1. Implementation of this MOU, to include managing the cost, schedule, performance requirements, security, and financial aspects of the Program described in this MOU and further detailed in the PMP, PSI and CG, and Program FMPD.

- 4.9.2. Submitting the PMP, and any required changes to the approved PMP, to the HMP and after the HMP's review, to the ESC...
- 4.9.3. Preparing and submitting the Program FMPD to the HMP and after the HMP's review, to the ESC.
- 4.9.4. Reviewing and endorsing, in conjunction with the JPO Deputies, Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
- 4.9.5. Preparing and submitting to the ESC plans to manage and control the transfer of Project Equipment provided by a MOU Participant to support the execution of the Program in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.9.6. Preparing and submitting to the ESC plans for the disposal of Project Equipment jointly acquired under this MOU in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.9.7. Preparing and submitting to the IT MOD, UK MOD and U.S. DoD ESC representatives a plan to preserve, transport (for the purpose of storage), maintain, store, and use ST/STE and associated documentation, as described in paragraphs 3.4.3 and 3.4.4 of Section III (Scope of Work) and referenced in paragraph 7.1 of Section VII (Project Equipment) of this MOU.
- 4.9.8. Appointing a Program security officer for this MOU.
- 4.9.9. Managing the following functions in the JPO:
 - 4.9.9.1. Systems Engineering
 - 4.9.9.2. Business and Financial Management
 - 4.9.9.3. Logistics
 - 4.9.9.4. Information Technology Support
 - 4.9.9.5. Administrative Support

4.9.9.6. Programmatic Technical Support

- 4.9.10. Developing and submitting to the ESC the Project Security Instruction and Classification Guide.
- 4.9.11. Preparing and providing the annual status report to the HMP, and after the HMP's review, to the ESC.
- 4.9.12. Forwarding recommendations to the ESC for the addition of new MOU Participants in accordance with Section XIV (Participation of Additional Nations).
- 4.9.13. Submitting to the ESC recommended amendments to this MOU.
- 4.9.14. Referring unresolved issues to the HMP, and in the event that the HMP cannot resolve an issue, referring that issue to the ESC.
- 4.9.15. Coordinating with U.S. program offices and U.S. DoD field activities, when required for implementation of the Program or a Project to which the U.S. DoD is not a PA Participant.
- 4.9.16. Coordinating with the U.S. Contracting Officer, when the U.S. DoD performs Contracting for the implementation of the Program or a Project to which the U.S. DoD is not a PA Participant.
- 4.9.17. Reporting on Contract progress for Contracts under the MOU, as detailed in the PMP for the MOU.
- 4.9.18. Preparing and submitting to the IT MOD, UK MOD and U.S. DoD ESC representatives a plan to maintain data in the Harrier eTIMS identified in paragraph 3.4.2 of Section III (Scope of Work).
- 4.9.19. Reviewing and endorsing, in conjunction with the JPO Deputies, plans regarding Program work to be performed by government entities.

4.10. The JPO Deputies will be responsible for:

- 4.10.1. Assisting the JPO Director in managing the cost, schedule, performance requirements, technical, security and financial aspects of the Program described in this MOU.
- 4.10.2. Providing day-to-day MOD representation within the JPO on all matters related to the Program.
- 4.10.3. Assisting the JPO Director in developing the PMP, Program FMPD, PSI and CG, and other documents for the Program.
- 4.10.4. Reviewing and endorsing Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
- 4.10.5. Performing other Program tasks as may be assigned by the JPO Director consistent with the PMP.
- 4.10.6. Reviewing and endorsing plans regarding Program work to be performed by government entities.

4.11. In addition to the responsibilities identified in paragraph 4.10, the IT MOD, UK MOD, and U.S. DoD JPO Deputies will be responsible for assisting the JPO Director in developing the plans required in paragraphs 4.9.7 and 4.9.18.

4.12. Unless otherwise specified in a PA, PAs will be directed and administered by an organization consisting of a Project Steering Committee (PSC) and a Project Office (PO) headed by a Project Manager (PM). When a PA establishes a PSC, each PA Participant will appoint a representative to the PSC. PSC members may also be ESC and/or HMP members.

4.13. Unless otherwise specified in a PA, the PSC for each PA will be responsible for:

- 4.13.1. Exercising executive-level oversight of the Project.
- 4.13.2. Reviewing the progress towards accomplishing the objectives and scope of work provisions of the PA.
- 4.13.3. Reviewing the financial status of the Project, to ensure compliance with the provisions of Section

V (Financial Provisions) of this MOU and the corresponding provisions of the PA.

- 4.13.4. Reviewing and approving the Project FMPD, required in paragraph 5.13 of Section V (Financial Provisions) of this MOU, and the Project Plan, developed by the PM for the Project.
- 4.13.5. Approving plans to manage and control the transfer of Project Equipment provided by a PA Participant to support the execution of the Project in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.13.6. Approving plans for the disposal of Project Equipment jointly acquired under the PA in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.
- 4.13.7. Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority of any PA-specific annex for the Project Security Instruction and a Classification Guide, prior to the transfer of Classified Information or Controlled Unclassified Information under the PA.
- 4.13.8. Reviewing the annual status report submitted by the PM for the PA.
- 4.13.9. Providing recommendations to the PA Participants, as appropriate, for the addition of new PA Participants to the PA in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.13.10. Reviewing and forwarding to the PA Participants for approval recommended amendments to the PA, in accordance with Section XVIII (Amendment, Termination, Entry Into Effect, and Duration) of this MOU and any corresponding provisions in the PA.
- 4.13.11. Resolving issues brought forth by the PM.

4.13.12. Monitoring Third Party sales and transfers authorized in accordance with the Third Party sales and transfers section of the PA.

4.14. Unless otherwise specified in a PA, each PA under this MOU will identify the PA Participant who will appoint the PM for the Project. The PM will be responsible for implementing the PA. The other PA Participant(s) will each appoint a national representative to serve as Deputy Project Manager (DPM) for the Project. Each DPM will coordinate his or her activities with the PM. Unless otherwise specified in a PA, the PO will be co-located in the JPO.

4.15. Unless otherwise specified in a PA, the PM will be responsible for:

- 4.15.1. Implementation of the PA, to include managing the cost, schedule, performance requirements, technical, security and financial aspects of the Project described in the PA.
- 4.15.2. Preparing and submitting to the PSC for approval the Project Plan and Project FMPD.
- 4.15.3. Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) of this MOU and the corresponding provisions of the PA.
- 4.15.4. Reviewing and endorsing, in conjunction with the DPMs, Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
- 4.15.5. Submitting to the PSC plans to manage and control the transfer of Project Equipment provided by a PA Participant to support the execution of the Project in accordance with paragraph 7.2 of Section VII (Project Equipment) of this MOU.
- 4.15.6. Submitting to the PSC plans for the disposal of Project Equipment jointly acquired under the PA in accordance with paragraph 7.3 of Section VII (Project Equipment) of this MOU.

- 4.15.7. If necessary, developing and forwarding to the PSC a PA-specific annex to the PSI and CG within three months after the PA enters into effect.
- 4.15.8. Providing an annual status report to the PSC.
- 4.15.9. Forwarding recommendations to the PSC for the addition of new PA Participants in accordance with Section XIV (Participation of Additional Nations) of this MOU.
- 4.15.10. Developing and recommending to the PSC amendments to the PA.
- 4.15.11. Referring issues to the PSC that cannot be resolved by the PM.
- 4.15.12. Reviewing and endorsing, in conjunction with the DPMs, plans regarding Project work to be performed by government entities.
- 4.16. Unless otherwise specified in a PA, the DPM(s) will be responsible for:
 - 4.16.1. Assisting the PM in managing the cost, schedule, performance requirements, technical, security and financial aspects of the Project described in the PA and detailed in the Project Plan, PA specific Annex to the PSI and CG, and Project FMPD.
 - 4.16.2. Providing day-to-day MOD representation on all matters related to the Project.
 - 4.16.3. Reviewing and endorsing Contract strategies, requests for proposals for Contracts, Contracts, and Contract modifications.
 - 4.16.4. Assisting the PM in developing the Project Plan, Project FMPD, PA-specific PSI and CG provisions, and other documents for the Project.
 - 4.16.5. Performing other Project tasks as may be assigned by the PM consistent with the Project Plan.
 - 4.16.6. Reviewing and endorsing plans regarding Project work to be performed by government entities.

4.17. The U.S. DoD PM or U.S. DPM, as applicable, will coordinate U.S. program offices and U.S. DoD field activities, when required for implementation of a PA to which the U.S. DoD is a PA Participant.

4.18. When the U.S. DoD performs Contracting for implementation of a PA to which the U.S. DoD is a PA Participant, the U.S. DoD PM or U.S. DPM, as applicable, will coordinate with the U.S. Contracting Officer.

SECTION V

FINANCIAL PROVISIONS

5.1. The MOU Participants estimate that the performance of the responsibilities under this MOU will not exceed the following Financial Cost Ceilings:

- 5.1.1. A Financial Cost Ceiling of 10.136 million Then Year Dollars, for performance of the responsibilities under this MOU, excluding the work performed under paragraphs 3.3.6 and 3.4 of Section III (Scope of Work);
- 5.1.2. A Financial Cost Ceiling of 67.013 million Then Year Dollars, for work performed pursuant to paragraph 3.3.6 of Section III (Scope of Work);
- 5.1.3. A Financial Cost Ceiling of 4.647 million Then Year Dollars, for work performed pursuant to paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work); and
- 5.1.4. A Financial Cost Ceiling of 9.720 million Then Year Dollars, for work performed pursuant to paragraph 3.4.3 of Section III (Scope of Work).

5.2. The Financial Cost Ceilings identified in paragraph 5.1 may be changed only upon the mutual written consent of the MOU Participants participating in the efforts covered by those Financial Cost Ceilings. Except for the Non-Financial Cost of the UK MOD's efforts identified in paragraph 5.5, the U.S. dollar will be the reference currency for the Program. The fiscal year for the Program will be the U.S. Fiscal Year.

5.3. Each MOU Participant will contribute its equitable share of the full costs of the Program, including overhead costs, administrative costs, and, in accordance with Section XIII (Liability and Claims), costs of claims, and will receive an equitable share of the results of the Program, in accordance with the provisions of this MOU. Administrative costs include such costs as contract administration costs, office support, the costs incurred by the JPO related to the facilities and equipment necessary for the performance of tasks by personnel assigned to the JPO, and the costs of providing the JPO.

functions identified in paragraph 4.9.9 (including travel costs).

5.4. The Financial Costs of the Program, as identified in this Section of this MOU, will be shared as follows:

- 5.4.1. The Financial Costs of performance of responsibilities under this MOU excluding the work performed under paragraphs 3.3.6 and 3.4 of Section III (Scope of Work), will be shared equally by the MOU Participants.
- 5.4.2. The Financial Costs for the MOU Participants' efforts under paragraph 3.3.6 of Section III (Scope of Work) of this MOU will be shared by the MOU Participants in the proportion of their individual Pegasus engine inventories to the total Pegasus engine inventories of the MOU Participants. This requirement is reflected in the following formula: $S(\text{engine}) = (A/B)C$. "S(engine)" represents the financial contribution by an individual MOU Participant. "A" represents the estimate of Pegasus engines in the inventory of an individual MOU Participant plus the number of Pegasus engines which have been placed on Contract for that MOU Participant. The values for "A" are set forth in Annex B (Estimated Pegasus Engine Inventory Quantities) and will be adjusted by the ESC, if necessary, to reflect changes in the MOU Participants' estimated Pegasus engine quantities in accordance with paragraph 4.4.8 of Section IV (Management (Organization and Responsibility)). "B" represents the sum of the individual "A" values of the MOU Participants. "C" represents the Financial Costs of the effort under paragraph 3.3.6.
- 5.4.3. The Financial Costs for the IT MOD, UK MOD, and U.S. DoD to perform the work under paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work) of this MOU will be shared by those MOU Participants in the proportion of their individual Harrier airframe inventories to the total Harrier airframe inventories of those MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)"

represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex C (Estimated IT MOD, UK MOD, and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the IT MOD, UK MOD, and the U.S. DoD ESC representatives, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.1.3 of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the efforts under paragraphs 3.4.1 and 3.4.2.

5.4.4. The Financial Costs for the IT MOD and U.S. DoD to perform the work under paragraph 3.4.3 of Section III (Scope of Work) of this MOU will be shared by those MOU Participants in the proportion of their individual Harrier airframe inventories to the total Harrier airframe inventories of those MOU Participants. This requirement is reflected in the following formula: $S(\text{airframe}) = (X/Y)Z$. "S(airframe)" represents the financial contribution by an individual MOU Participant. "X" represents the estimated Harrier airframe inventory of an individual MOU Participant. The values for "X" are set forth in Annex D (Estimated IT MOD and U.S. DoD Harrier Airframe Inventory Quantities) and will be adjusted by the IT MOD and the U.S. DoD ESC representatives, if necessary, to reflect changes in the MOU Participants' estimated Harrier airframe quantities in accordance with paragraph 4.5.2 of Section IV (Management (Organization and Responsibility)). "Y" represents the sum of the individual "X" values of the MOU Participants. "Z" represents the Financial Costs of the effort under paragraph 3.4.3.

5.4.5. In the event that the SP MOD intends to use Information generated by the IT MOD, UK MOD, and U.S. DoD pursuant to paragraphs 3.4.1 and 3.4.2 of Section III (Scope of Work) of this MOU, the

SP MOD will contribute an equitable pro rata share of accumulated costs incurred by IT MOD, UK MOD, and U.S. DoD at the time of the SP MOD's initial utilization of such Information. In any follow-on use of such Information, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by IT MOD, UK MOD, and U.S. DoD for efforts made pursuant to paragraphs 3.4.1 and 3.4.2.

5.4.6. In the event that the SP MOD intends to use any ST/STE identified under the determination made in accordance with paragraph 3.4.1 of Section III (Scope of Work), the SP MOD will contribute an equitable pro rata share of the accumulated costs incurred by the other MOU Participants, as follows:

5.4.6.1. For provision to the SP MOD of ST/STE located in the United States, SP MOD will contribute an equitable pro rata share of accumulated costs for efforts made pursuant to paragraph 3.4.3 Of Section III (Scope of Work) that have been incurred by the IT MOD and U.S. DoD at the time of the provision of such ST/STE. In any subsequent provision of such ST/STE, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the IT MOD and U.S. DoD for efforts made pursuant to paragraph 3.4.3.

5.4.6.2. For provision to the SP MOD of ST/STE located in the United Kingdom of Great Britain and Northern Ireland, SP MOD will contribute an equitable pro rata share of accumulated costs for efforts made pursuant to paragraph 3.4.4 of Section III (Scope of Work) that have been incurred by the UK MOD at the time of the provision of such ST/STE. In any subsequent provision of such ST/STE, the SP MOD will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the UK MOD for efforts made pursuant to paragraph 3.4.4.

5.5. The UK MOD's efforts under paragraph 3.4.4 of Section III (Scope of Work) of this MOU will be a Non-Financial Cost of £2.500 million UK Pounds Sterling under the Program.

5.6. The Non-Financial Costs of the Program include the costs of providing personnel to the JPO. The U.S. DoD will bear the costs of providing the JPO Director and the U.S. DoD JPO Deputy in accordance with paragraph 5.10. The other MOU Participants will bear, in accordance with paragraph 5.10, the costs of providing their personnel to the JPO under paragraph 4.8.

5.7. Each PA Participant will contribute its equitable share of the full costs of the Project under that PA, including overhead costs, administrative costs, and, in accordance with Section XIII (Liability and Claims), cost of claims, and will receive an equitable share of the results of the Project, in accordance with the provisions of that PA. Administrative costs include such costs as contract administration costs, office support, and the costs incurred by the PO related to the facilities and equipment necessary for the performance of tasks by personnel assigned to the PO under the PA. Detailed descriptions of the financial arrangements of a PA, including the total cost of the Project and each PA Participant's share of the total cost, will be included in the PA.

5.8. In the event that an MOU Participant does not join a particular PA, but intends to acquire, under any legal vehicle (including paragraph 3.3.8 of Section III (Scope of Work)), Information generated under that PA or an item produced wholly or in part from such Information, that MOU Participant will, under this MOU, contribute to the applicable PA Participants an equitable pro rata share of the costs incurred in the generation of that Information, as may be required and determined by the PA Participants. The MOU Participant's contribution will be allocated to the PA Participants in proportion to their financial contributions to the PA, and may be used by a PA Participant in the first instance to satisfy financial costs under the applicable PA or this MOU.

5.9. The MOU Participants acknowledge that the IT MOD and U.S. DoD intend, pursuant to a PA under this MOU, to enter data into, and maintain, the AV Tooling Information System (AVTIS). In the event that the SP MOD or UK MOD need for any purpose to gain access to AVTIS and use the data therein, either directly through or by authorizing a governmental or Contractor entity, the SP MOD or UK MOD, as appropriate, will contribute an equitable pro rata share of accumulated costs incurred by IT MOD

and U.S. DoD for their AVTIS efforts at the time of gaining access to the AVTIS data. In the case of any subsequent access and use of AVTIS data, the SP MOD or UK MOD, as applicable, will contribute an equitable pro rata share of any subsequent accumulated costs incurred by the IT MOD or U.S. DoD at the time of the subsequent access. The equitable pro rata share for which the SP MOD and UK MOD will be responsible will be adjusted in those cases in which both of these MOU Participants access and use AVTIS data.

5.10. In addition to the shared JPO costs described in paragraph 5.3 and the shared PO costs described in paragraph 5.7, the cost of personnel assigned to the JPO or its annex offices under this MOU, or the PO under a PA, will be borne as follows:

5.10.1. The Host Participant will bear the costs of all pay and allowances of the JPO Director and the U.S. DoD JPO Deputy and of Host Participant personnel assigned to the PO under a PA, as well as all costs of travel necessary for the performance of work of such personnel under this MOU or a PA.

5.10.2. The Parent Participant will bear the following Cooperative Program Personnel (CPP)-related costs:

5.10.2.1. All pay and allowances of CPP assigned to the JPO or its annex offices, or to the PO under a PA.

5.10.2.2. Transportation of CPP, CPP dependents, and their personal property to the JPO or its annex offices, or to the relevant PO location prior to commencement of the CPP assignment in the JPO or its annex offices, or to the relevant PO, and return transportation of the foregoing from the JPO or its annex offices, or from the relevant PO location upon completion or termination of the CPP assignment.

5.10.2.3. Travel by CPP necessary for the performance of work under this MOU or a PA.

5.10.2.4. Compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent Participant's government.

5.11. The following costs will be borne entirely by the MOU Participant or PA Participant incurring the costs or on whose behalf the costs are incurred:

5.11.1. Costs associated with national representation at meetings by non-JPO or non-PO members.

5.11.2. Costs associated with any unique national requirements identified by a MOU Participant or PA Participant, including the following:

5.11.2.1. The costs for spares and repairables for the individual MOU Participants' post-production support requirements under paragraph 3.3.7 of Section III (Scope of Work);

5.11.2.2. The cost to compile and duplicate information and the cost of items provided to an MOU Participant under paragraph 3.3.8 of Section III (Scope of Work); and

5.11.2.3. The cost of any items or services provided for an individual PA Participant under a PA.

5.11.3. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU or a PA to which the MOU Participant is a signatory.

5.12. The JPO Director will be responsible for establishing the detailed financial management procedures under which the Program will operate. These procedures, which will be consistent with the national accounting and audit requirements of the MOU Participants, will be detailed in a Program Financial Management Procedures Document (FMPD) prepared by the JPO Director and subject to the approval of the ESC. Each MOU Participant will fund the Program in accordance with the estimated schedule of financial contributions contained in the Program FMPD, which will be consistent with paragraph 5.14.

5.13. The PM for each Project will be responsible for establishing the detailed financial management procedures under which the Project will operate. These procedures, which will be consistent with the national accounting and audit requirements of the PA Participants, will be detailed in a Project FMPD prepared by the PM and subject to the approval of the PSC. The banking procedures set forth in the Project FMPD will be in

accordance with those procedures in the Program FMPD relevant to the MOU Participants that are Participants under the PA. Each PA Participant will fund the Project in accordance with the estimated schedule of financial contributions contained in the Project FMPD, which will be consistent with paragraph 5.14 of this MOU.

5.14. The MOU Participants recognize that in order to fulfill their Contracting duties for the Program under this MOU or a Project under a PA, it may become necessary for one MOU Participant to incur contractual or other responsibilities for the benefit of the other MOU Participants which have endorsed such incurrence in accordance with paragraphs 4.9.4 and 4.10.4 or paragraphs 4.15.4 and 4.16.3 of Section IV (Management (Organization and Responsibility)) of this MOU prior to receipt of the other MOU Participant's funds. In the event that one MOU Participant incurs such responsibilities, the other MOU Participants so benefited will make such funds available in such amounts and at such times as may be required by the Contract or other responsibility and will pay any damages and costs that may accrue from the performance of or cancellation of the Contract or other responsibility in advance of the time such payments, damages, or costs are due.

5.15. Unless a Contract or other responsibility is cancelled as a result of criminal, fraudulent or otherwise illegal or seriously improper activities on the part of the Contractor in accordance with national laws and regulations applicable to such cancellation, or is cancelled as a consequence of court order or ruling by an administrative forum, the following will apply, if a Contract or other responsibility incurred for the implementation of this MOU or a PA is cancelled without proper prior consultation as required under paragraphs 4.9.4 and 4.10.4 or paragraphs 4.15.4 and 4.16.3 of Section IV (Management (Organization and Responsibility)) by the MOU Participant of the Contracting Agency with the MOU Participants benefiting from such Contract or other responsibility, or without the Contracting Officer's taking into account the interests of the benefiting MOU Participants:

- 5.15.1. The MOU Participant of the Contracting Agency and the benefiting MOU Participants will determine whether the resultant cancellation costs would have otherwise been reasonably avoided had consultation occurred.

5.15.2. If the determination in 5.15.1 is affirmative, the MOU Participant of the Contracting Agency and the benefiting MOU Participants will decide, in accordance with this MOU's principle of equitable sharing of costs, the extent to which an equitable adjustment of their contributions under the MOU or PA is warranted.

5.16. In the event that an MOU Participant consents to perform the Contracting activities under a PA to which it is not a Participant, as permitted under paragraph 6.20 of Section VI (Contracting Provisions), the PA Participants will provide funds to that MOU Participant for the administration of such Contracts in accordance with the Project FMPD.

5.17. The Host Participant will be responsible for the audit of the procurement activities for which it is responsible under this Program or a Project in accordance with its national practices. The Host Participant will be responsible for the internal audit regarding administration of the other Participants' Program or Project funds in accordance with its national practices. All audit reports of such funds will be promptly made available by the Host Participant to the other Participants. Where auditors of a non-host Participant or its Government need to obtain or to inspect specific Program or Project financial data to fulfill its national obligations, the Host Participant will grant access to such specific financial data at mutually determined times and locations.

5.18. A MOU Participant or PA Participant will promptly notify the other MOU Participants or PA Participant(s), as appropriate, if available funds are not adequate to fulfill its responsibilities under this MOU or the relevant PA. If a MOU Participant or PA Participant notifies the other MOU Participants or PA Participant(s) that it is terminating or reducing its funding for this Program or the relevant Project, the MOU Participants or PA Participants will immediately consult with a view toward continuation on a modified basis.